

National Trust Company, Limited

14 KING STREET EAST

TORONTO 1

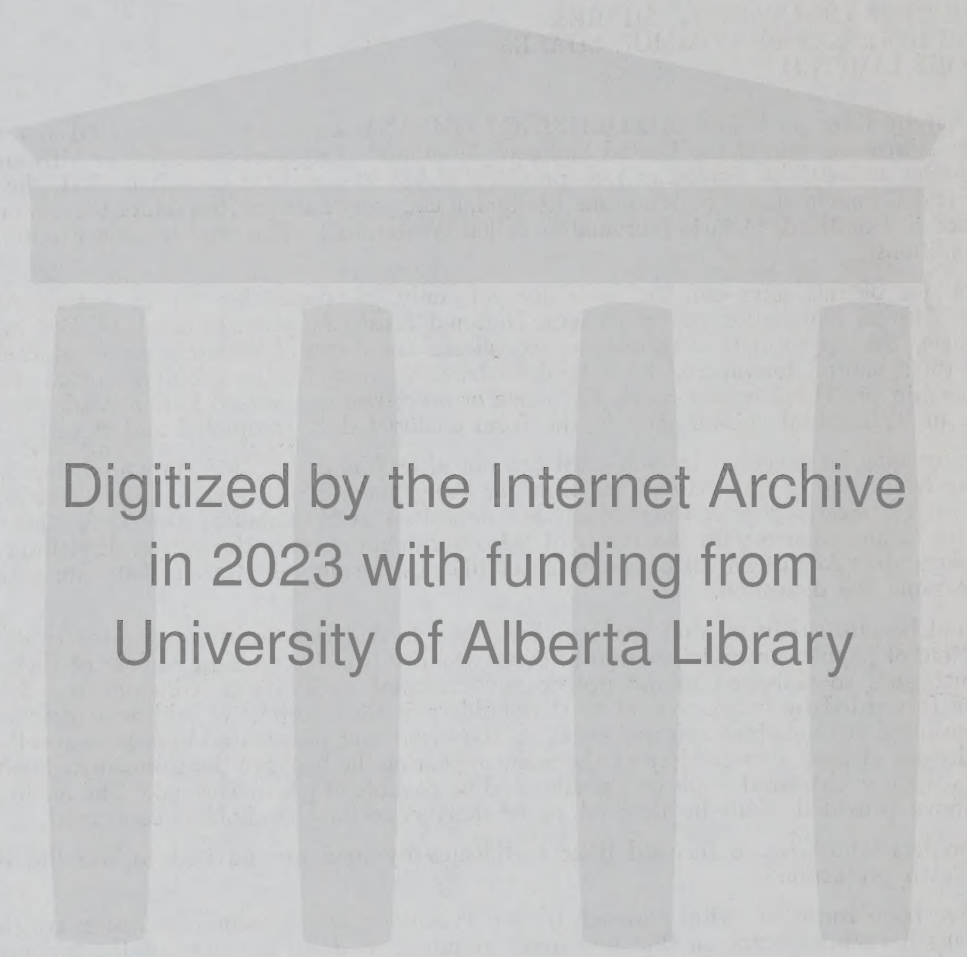
AUG 5 1953

July 30, 1953

TO THE HOLDERS OF CLASS "A" SHARES, AND TO THE HOLDERS OF COMMON SHARES OF WATEROUS LIMITED

We hereby offer on behalf of KOEHRING COMPANY, a company incorporated under the laws of the State of Wisconsin, one of the United States of America, having its head office in Milwaukee, Wisconsin (hereinafter called "the Purchaser") to purchase at \$14.00 per share Canadian funds the outstanding Class "A" and Common shares of Waterous Limited, a company incorporated under the laws of Canada with head office in Brantford, Ontario (hereinafter called "Waterous"). This offer is subject to the following terms and conditions:

1. Acceptance of this offer can be made by you only by depositing on or before August 28, 1953, (or later date as hereinafter provided) with National Trust Company, Limited, 14 King Street East, Toronto, Ontario, the appropriate certificate or certificates for shares of Waterous duly endorsed in blank for transfer with signature guaranteed by a bank or trust company having a Toronto office or by a firm having membership on The Toronto Stock Exchange or otherwise guaranteed to our satisfaction together with a Letter of Transmittal substantially in the form enclosed duly completed and signed.
2. This offer may be accepted by you until but not after August 28, 1953, provided that we, in our discretion, may from time to time extend the time for acceptance of this offer but any Class "A" and/or Common shares, certificates representing which are deposited as hereinbefore provided, shall be taken up and paid for in accordance with the terms of this offer or returned to the person depositing the same within thirty days after August 28, 1953, or if such certificates are deposited after that date within thirty days after the same are deposited.
3. We shall be entitled in making payment for shares to deduct from the amount payable for such shares at the time of payment a sufficient sum to cover security transfer taxes in respect of such purchase and to pay such sum so deducted to the proper governmental authorities. Cheques in payment for shares shall be forwarded by ordinary mail to shareholders at their respective addresses specified in the Letter of Transmittal hereinbefore referred to or in the event that no such address is so specified at the respective addresses of such shareholders as the same appear on the books of the Company. Such cheques shall be drawn upon a chartered bank of Canada, and be payable at par in Toronto. The mailing of such cheques, as above provided, shall be deemed to be delivery to the shareholders concerned.
4. Shareholders who wish to forward their certificates by mail are advised to use the registered post for their own protection.
5. We have been furnished with evidence by the Purchaser, which evidence satisfies us, that banking arrangements have been made so that any funds required to make payment of the amounts which may be required to be paid by us under the terms hereof will be forthcoming when required.
6. This offer shall not be binding on us or on the Purchaser unless the following conditions are fulfilled, namely:
 - (a) That certificates representing at least 75% of the outstanding Class "A" shares and at least 75% of the outstanding Common shares of the capital stock of Waterous are deposited on or before August 28, 1953 in the manner hereinbefore provided;
 - (b) That Waterous and Heaps, Waterous Limited have been since February 28, 1953, and will continue to the closing date to be so managed and operated that: (i) there will have been no change in the authorized or outstanding shares of the capital stock of either company; (ii) Waterous will be the registered owner, with a good and marketable title in fee simple, of the lands and buildings at Brantford, Ontario, and the absolute owner of the plant, machinery, equipment and other properties both tangible and intangible all as shown as at February 28, 1953 on the books of Waterous kept for the Brantford division and free of all liens and encumbrances and rights or interest therein of any other person except the mortgage, pledge and charge of a Deed of Trust and Mortgage made by Waterous in favour of Royal Trust Company dated May 1, 1947, securing \$500,000 principal amount of First Mortgage Bonds (hereinafter called "the Trust Deed")



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and of two Trust Deeds supplemental thereto, of which Bonds not more than \$286,000 principal amount are or will at the time of closing be outstanding before giving effect to the payments thereon due May 1, 1953; (iii) no long term contracts or contracts out of the ordinary course of business of Waterous or of Heaps, Waterous Limited will be in effect on the closing date nor will expenditures or liabilities out of the ordinary course of business have been incurred nor substantial salary or wage increases have been instituted by Waterous or Heaps, Waterous Limited nor any dividends have been declared or paid by Waterous or Heaps, Waterous Limited other than the regular quarterly dividends on the Class "A" shares and the regular quarterly dividends on the Common shares of Waterous;

- (c) That at the time of closing Harold Fry and his associates, namely E. Barker, L. C. Sachs, J. T. Snelling, D. Talbot, H. Thorne, D. M. Waterous, L. M. Collins and D. J. Wilkins, complete the purchase from Waterous of the assets of its Edmonton and Calgary division as shown as at February 28, 1953 on the books of Waterous kept for such division, which assets are to be free and clear of the mortgage, pledge and charge of the Trust Deed and of the two Trust Deeds supplemental thereto (the net amount of which assets, after deduction of liabilities, is, as shown in note (3) to the enclosed balance sheet reported on by George A. Touche & Co. the sum of \$1,395,453.62) to be increased by the transfer by Waterous from the Brantford to the Edmonton and Calgary division of the sum of \$83,308.56 in cash, making the net amount of the assets to be purchased by Harold Fry and associates \$1,478,762.18, all as affected by the operations of the Edmonton and Calgary division for the account of Harold Fry and associates after February 28, 1953 and Harold Fry and associates pay therefor the sum of \$1,368,000.00 Canadian funds, by certified cheque payable at par in Brantford and Toronto, Ontario, and assume and indemnify Waterous against all liabilities contingent or otherwise attributable to the operations of the Edmonton and Calgary division except any liability arising under the Trust Deed and the two Trust Deeds supplemental thereto, but including, without limiting the generality of the foregoing, liability resulting from any future assessment or assessments of the Minister of National Revenue of Canada but excluding any liability for income taxes for the period January 1st, 1953 to February 28th, 1953; and that prior to and at the time of closing the Directors of Waterous shall have duly called and held separate meetings of the holders of the Class "A" and Common shares in the Capital stock of Waterous at which will be submitted for approval by such shareholders the sale of such assets to and the assumption of such liabilities by Harold Fry and associates and that such classes of shareholders, by separate resolutions passed by not less than 75% of the votes separately cast by each class of holder for such resolutions, shall have separately approved such sale subject to such assumption of liabilities and shall have authorized the execution and delivery by the proper officers of the Company of an Agreement giving effect thereto;
- (d) That the officers and directors of Waterous shall deliver to the Purchaser at the time of closing their resignations effective on acceptance by the Board of Directors and that a meeting or meetings of the Board of Directors be held at the time of closing at which such of the said resignations as may be directed by the Purchaser will be accepted and nominees of the Purchaser will be elected or appointed to fill the vacancies.

The expression "closing date" when used herein shall mean the 25th day of September, 1953, or such earlier date, not prior to August 1st, 1953, as may be agreed to by the Purchaser and by Harold Fry and associates. The expression "time of closing" shall mean 11 o'clock in the forenoon on the 25th day of September, 1953, or such earlier date as may be agreed to by the Purchaser and by Harold Fry and associates.

The foregoing conditions (a) to (d) inclusive are inserted for the exclusive benefit of the Purchaser and ourselves and may be waived in whole or in part; provided however that not less than all of the deposited shares shall be taken up if any shares are taken up hereunder.

In determining whether the foregoing conditions (b) to (d) inclusive have or have not been fulfilled we shall be entitled to rely on the opinion of counsel for the Purchaser who in turn may rely on a certificate or report of auditors where necessary.

NATIONAL TRUST COMPANY, LIMITED

By: H. H. WILSON,
General Manager

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